

Message Text

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E.O. 11652: GDS
TAGS: PINT, PFOR, MT
SUBJECT: MALTA - QUARTERLY POLITICAL/ECONOMIC REPORT

REF: VALLETTA 0387, DTG 050745Z APR 77,

1. SUMMARY: THE MAIN SUBJECT OF CONCERN IN MALTA
CONTINUES TO BE WHAT WILL HAPPEN AFTER 1979. PRIME
MINISTER MINTOFF APPEARED ON TELEVISION AGAIN THIS
QUARTER TO WARN ABOUT HARD TIMES AHEAD UNLESS EVERYONE
PITCHES IN TO HELP OVERCOME THE PROBLEMS CONNECTED WITH
THE FORTHCOMING BRITISH WITHDRAWAL. HE ALSO TOOK THE
OPPORTUNITY TO BERATE THE FRENCH AND ITALIANS IN PUBLIC
FOR BEING SO SLOW IN AGREEING TO HIS DEMANDS CONCERNING
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MALTA'S FUTURE, AND THREATENED TO TURN EXCLUSIVELY TO
THE ARABS FOR ASSISTANCE IF THE EUROPEANS ARE NOT MORE
RESPONSIVE. MINTOFF AND HIS LABOR PARTY THOROUGHLY
ENJOYED ACTING AS HOSTS FOR THE SECOND CONFERENCE OF
"PROGRESSIVE" MEDITERRANEAN SOCIALISTS IN JUNE, BUT
THE RESULTS WERE SOMEWHAT LESS THAN THEY HAD EXPECTED.
OFFICIAL US/MALTESE BILATERAL RELATIONS APPEAR TO BE

SETTLING INTO A MORE NORMAL PATTERN AFTER THE GROUND SWELL OF EXPECTATIONS NOTED LAST QUARTER.

DOMESTIC AFFAIRS

2. PRIME MINISTER MINTOFF APPEARED ON TELEVISION AGAIN IN APRIL TO LECTURE THE MALTESE ONCE MORE ABOUT THE HARD TIMES AHEAD, AND THE PROBLEMS THAT HIS GOVERNMENT WOULD HAVE TO FACE DURING THE LAST TWO YEARS OF THE BRITISH MILITARY PRESENCE IN MALTA. HE EMPHASIZED THAT "IN ORDER TO GET RID OF THE FOREIGNER" (THE BRITISH) MALTA WOULD HAVE TO PAY A PRICE, AND THAT THE GOM WOULD HAVE TO FIND AT LEAST 12,000 NEW JOBS BEFORE MARCH 31, 1979.

3. MINTOFF CLAIMED THAT A NUMBER OF NEW GOVERNMENT-SPONSORED INDUSTRIAL PROJECTS BEING PLANNED WOULD PROVIDE "MANY" OF THE BADLY NEEDED JOBS, BUT HE WAS SHORT ON SPECIFICS AND LESS THAN CONVINCING IN HIS DESCRIPTION OF THE PROJECTS INVOLVED. MOST OF THEM HAD BEEN ANNOUNCED BEFORE (INCLUDING THE PLANNED DEVELOPMENT OF A SECOND PORT AT MARSAXLOKK TO PROVIDE CONTAINER AND TRANSHIPMENT FACILITIES), WHILE OTHERS APPEARED UNLIKELY TO PROVIDE MUCH ADDITIONAL DOMESTIC EMPLOYMENT.

4. AS USUAL, MINTOFF WAS FULL OF PRAISE FOR ASSISTANCE THAT HE SAID WOULD BE FORTHCOMING FROM VARIOUS ARAB
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GOVERNMENTS OVER THE NEXT FEW YEARS (SUCH AS SAUDI ARABIA, KUWAIT, ALGERIA AND LIBYA), WHILE COMPLAINING ABOUT THE FAILURE OF THE EUROPEANS TO DO WHAT HE WAS "DEMANDING" OF THEM IN THIS AREA (SEE "FOREIGN AFFAIRS", WHICH FOLLOWS, FOR FURTHER COMMENT).

5. MINTOFF'S DIRE WARNINGS ABOUT THE FUTURE WERE ECHOED IN AN UNUSUAL WAY SHORTLY AFTER HIS TELEVISION SPEECH, WHEN AN ACADEMIC STUDY ON THE MALTESE ECONOMY WAS PUBLISHED BY A VISITING AUSTRALIAN PROFESSOR AT THE UNIVERSITY OF MALTA. THIS STUDY, ALTHOUGH HIGHLY TECHNICAL, AND IN PARTS NOT INTELLIGIBLE TO THE LAYMAN, DARED TO MAKE TWO BASIC POINTS WHICH HAVE LONG SINCE BEEN ACKNOWLEDGED BY MOST MALTESE EXCEPT MINTOFF'S RABID LABOR SUPPORTERS: (1) THE LABOR GOVERNMENT HAS NOT DONE A PARTICULARLY GOOD JOB OF MANAGING THE MALTESE ECONOMY SINCE IT TOOK OVER IN 1971; AND (2) IF THE MALTESE ARE TO HAVE MUCH SUCCESS IN SOLVING THEIR ENDEMIC UNEMPLOYMENT PROBLEM, THEY NEED FRESH IDEAS AND A MORE VIGOROUS APPROACH WHICH DOES MORE THAN JUST RELY ON FURTHER SUBSIDIES FROM OTHER GOVERNMENTS.

6. STUNG WHERE IT OBVIOUSLY HURT, MINTOFF'S PARTISANS SPRANG TO HIS DEFENSE, WHICH PRODUCED WEEKS OF CHARGES AND COUNTERCHARGES IN THE PRESS AND ON TELEVISION ABOUT THE VALIDITY OF THE BOOK'S FINDINGS. THERE WERE EVEN AGONIZED STATEMENTS IN PARLIAMENT ABOUT THE BOOK, WHICH GENERALLY FAILED TO CONVINCE ANYONE, BUT ONLY ILLUSTRATED HOW SENSITIVE MINTOFF AND HIS GOVERNMENT ARE TO ANY SORT OF CRITICISM.

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7. AT THE SAME TIME, THE GOM INDIRECTLY ADMITTED THE VALIDITY OF SOME OF THE BOOK'S STATEMENTS BY ANNOUNCING THAT FOR TWO YEARS BEGINNING MAY 1, 1977, NO MALTESE MIGRANTS RETURNING TO MALTA WOULD BE ABLE TO REGISTER FOR JOBS WITH THE LABOR OFFICE "BECAUSE OF EXISTING HIGH UNEMPLOYMENT IN MALTA". THIS MEASURE DENIES GOVERNMENT UNEMPLOYMENT BENEFITS WHILE, AT THE SAME TIME, KEEPING THE OFFICIAL UNEMPLOYMENT FIGURES ARTIFICIALLY LOW. THE GOVERNMENT'S ACTION WAS MET WITH WIDESPREAD CRITICISM, ESPECIALLY SINCE THE LABORITES HAD IN THE PAST BOASTED OF THEIR SUCCESS IN REDUCING MALTESE EMIGRATION AND IN

ATTRACTING PREVIOUS MIGRANTS BACK TO MALTA.

8. ADDING TO A GENERAL FEELING OF UNREST, MINTOFF ALSO
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DECIDED TO TAKE ON THE LAWYERS AND DOCTORS THIS QUARTER, FOLLOWING HIS BATTLES EARLIER THIS YEAR WITH SUCH GROUPS AS THE BAKERS, THE POLTRY AND LIVESTOCK PRODUCERS AND GOVERNMENT CIVIL SERVANTS. THIS TIME HE INTRODUCED A BILL IN PARLIAMENT TO SEVERELY RESTRICT THE PARTICIPATION OF LAWYER MPS (READ NATIONALISTS) IN COURT CASES AND ADMINSTRATIVE HEARINGS INVOLVING THE GOVERNMENT, AS WELL AS A GUILLOTINE LAW (PASSED IN ONE QUICK SPECIAL SESSION OF PARLIAMENT) DEPRIVING THE MALTESE MEDICAL ASSOCIATION OF ITS LONG STANDING AUTHORITY TO CERTIFY THE QUALIFICATIONS OF NEW DOCTORS.

9. THE LATTER AFFAIR INCLUDED A LIMITED STRIKE BY THE DOCTORS AND A RETALIATORY LOCK-OUT BY THE GOM AT THE GOVERNMENT HOSPITALS. THIS WAS FOLLOWED BY AN EXTRAORDINARY 3:00 A.M. APPROACH BY THE GOM TO MOST OF THE RESIDENT EMBASSIES HERE TO HELP BREAK THE STRIKE BY SENDING FOREIGN DOCTORS TO MALTA. AS THE QUARTER ENDED, THE STANDOFF BETWEEN THE TWO SIDES HAS NOT YET BEEN BROKEN.

10. PARLIAMENT IS EXPECTED TO RISE FOR THE SUMMER BY MID-JULY AND BE IN RECESS AT LEAST UNTIL SEPTEMBER. SINCE THE PARLIAMENTARY SESSIONS ALMOST ALWAYS PRODUCE BITTER DISPUTES BETWEEN THE LABORITES AND THE NATIONALISTS -- ON ANY AND ALL SUBJECTS -- THE PROSPECT OF A REDUCTION IN THE POLITICAL RHETORIC DURING THE SUMMER IS ALWAYS A POPULAR ONE WITH THE MALTESE PUBLIC. THEY CERTAINLY WILL WELCOME THE RESPITE THIS YEAR.

FOREIGN AFFAIRS

11. THIS QUARTER WITNESSED A SERIES OF PUBLIC DEMANDS AND THREATS BY MINTOFF DIRECTED AGAINST HIS SELF-APPOINTED
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EUROPEAN "FRIENDS", THE FRENCH AND THE ITALIANS. IN A TYPICAL DISPLAY OF MINTOFFIAN BLUSTER WHILE SPEAKING ON TELEVISION IN APRIL, HE "WARNED" THE FRENCH AND ITALIAN GOVERNMENTS THAT, IF THEY DID NOT AGREE TO HIS OPEN-ENDED ECONOMIC DEMANDS "WITHIN TWO MONTHS", HE WOULD BE FORCED TO TURN EXCLUSIVELY TO THE ARABS (READ QADHAFI) FOR

ASSISTANCE.

12. MINTOFF REPEATED THE SAME THEME A SECOND TIME AT THE ANNUAL MALTA LABOR PARTY MAY DAY RALLY IN VALLETTA, ONCE AGAIN BLAMING THE EUROPEANS FOR MALTA'S PAST AND PRESENT ECONOMIC PROBLEMS, WHICH IN HIS EYES, IS MORE THAN REASON ENOUGH FOR THE FRENCH AND ITALIANS TO AGREE TO PAY FOR THE PRIVILEGE OF HELPING MALTA ACHIEVE "TRUE" INDEPENDENCE AFTER 1979.

13. THIS WAS A FAMILIAR MESSAGE WHICH WENT DOWN VERY POORLY WITH THE FRENCH AND ITALIANS, WHO HAVE BEEN ENGAGED IN PRIVATE NEGOTIATIONS WITH MINTOFF FOR MANY MONTHS IN AN ATTEMPT TO TRANSLATE HIS RATHER VAGUE POST-1979 DESIRES INTO SOME FORM OF REALISTIC AND ACCEPTABLE AGREEMENT. DESPITE ALL THEIR FRUSTRATIONS, AS THE QUARTER ENDED THE GOF AND GOI GAVE MINTOFF A WRITTEN COMMITMENT ABOUT THE FUTURE WHICH THEY HOPED MIGHT SATISFY HIS PUBLIC ULTIMATUM TO THEM AS WELL AS ESTABLISH THE BASIS FOR FURTHER NEGOTIATIONS WITH HIM.

14. MINTOFF MADE TRIPS TO PARIS AND ROME IN JUNE, (IN CONJUNCTION WITH HIS ATTENDANCE AT THE COMMONWEALTH CONFERENCE) TO PUSH HIS DEMANDS PERSONALLY. IN THIS, AND OTHER WAYS, IT IS CLEAR THAT MINTOFF IS CONTINUING TO STEP UP THE PRESSURE AGAINST THIS EUROPEAN INTERLOCUTORS IN AN EFFORT TO OBTAIN SUFFICIENT FINANCIAL COMMITMENTS TO ENABLE HIM TO GO ON RUNNING MALTA, AND THE MALTESE ECONOMY, IN THE STYLE HE THINKS APPROPRIATE, AFTER THE BRITISH FORCES LEAVE AND THE NATO SUBSIDY ENDS.

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15. AS FAR AS MINTOFF AND HIS LABOR PARTY SUPPORTERS WERE CONCERNED, THE BIGGEST POLITICAL EVENT IN MALTA SINCE THEIR REELECTION LAST SEPTEMBER WAS THE SECOND CONFERENCE OF "PROGRESSIVE" MEDITERRANEAN SOCIALISTS, WHICH TOOK PLACE HERE JUNE 20-25.

16. GATHERING TOGETHER A MOTLEY CROWD OF SECOND AND THIRD RATE REPRESENTATIVES FROM THE AREA, PLUS ASSORTED COMMUNIST PARTY AND LIBERATION MOVEMENT HANGERS-ON FROM ALL OVER, THE CONFERENCE PRODUCED A PREDICTABLE DEMAND FOR THE REMOVAL OF IMPERIALISTIC MILITARY FORCES FROM THE MEDITERRANEAN, SUPPORT FOR THE RIGHTS OF THE PALESTINIAN PEOPLE, AND OTHER STANDARD THIRD WORLD RHETORIC.

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17. THE MALTESE WERE ABLE TO ENGINEER A FULL ENDORSEMENT BY THE CONFERENCE OF THEIR "NEUTRAL NONALIGNED" STATUS, AS WELL AS A CALL FOR "MEDITERRANEAN COUNTRIES" TO GIVE MALTA THE NECESSARY POLITICAL AND ECONOMIC GUARANTEES TO ASSURE THE INITIAL VIABILITY OF ITS NEW STATUS AFTER 1979. WHO SHOULD PAY, AND HOW MUCH, WAS LEFT CONVENIENTLY VAGUE.

18. ALL IN ALL, THE CONFERENCE TURNED OUT TO BE LESS THAN MINTOFF HAD HOPED (HE WAS EXPECTING QADHAFI AND ARAFAT TO JOIN HIM FOR A "MEDITERRANEAN SUMMIT" WHICH NEVER MATERIALIZED), BUT IT DID ENABLE HIM TO BASK IN HIS NEW ROLE AS THE "ARCHITECT OF PEACE IN THE MEDITERRANEAN" TO QUOTE HIS LOCAL PRESS FLACKS. MOST OF THE MALTESE PAID NO ATTENTION AT ALL TO THE AFFAIR, EXCEPT TO COMPLAIN ABOUT
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DISRUPTIONS IN THEIR DAILY ACTIVITIES CAUSED BY THE TIGHT SECURITY ARRANGEMENTS FOR THE CONFERENCE.

19. AS THE QUARTER ENDED, THERE WERE RUMORS THAT MINTOFF

WAS PLANNING TO LEAVE ON ANOTHER ONE OF HIS OFFICIAL TRIPS ABROAD DURING THE PARLIAMENTARY RECESS. CHINA, JAPAN AND LATIN AMERICA HAVE BEEN SUGGESTED AS POSSIBLE DESTINATIONS BUT, AS YET, THERE HAS BEEN NO SPECIFIC ANNOUNCEMENT.

BILATERAL RELATIONS

20. OFFICIAL US/MALTESE RELATIONS HAVE SETTLED INTO A MORE NORMAL PATTERN AFTER THE EXCESSIVE MALTESE OPTIMISM NOTED PREVIOUSLY CONCERNING A "NEW AND CLOSER" RELATIONSHIP BECAUSE OF THE ESTABLISHMENT OF A DEMOCRATIC ADMINISTRATION IN WASHINGTON.

21. PRIVATELY, MANY MALTESE STILL EXPRESS THE HOPE THAT THE USG WILL, SOMEHOW, CONTINUE TO HELP SUPPORT THEIR STANDARD OF LIVING AFTER THEIR SELF-IMPOSED "DATE WITH DESTINY" IN 1979. HOWEVER, SINCE MINTOFF CONTINUES TO DEMAND PUBLICLY THAT THE SUPERPOWERS LEAVE THE MEDITERRANEAN (AND ESPECIALLY THE SIXTH FLEET), THE PRACTICAL POLITICAL DIFFICULTIES OF ARRANGEING ANY FURTHER USG FINANCIAL SUPPORT UNDER SUCH CIRCUMSTANCES ARE BEGINNING TO IMPRESS THE MORE PERCEPTIVE MALTESE.

22. THE EMBASSY IS CONTINUING TO EMPHASIZE THAT PRIVATE INVESTMENT IS THE MOST PROMISING SOURCE FROM WHICH THE MALTESE SHOULD SEEK FUTURE AMERICAN ASSISTANCE, BUT THAT THE GOM SIMPLY MUST DO MORE TO SELL ITSELF TO AMERICAN BUSINESSMEN. THIS MESSAGE SEEMS TO BE GETTING ACROSS, BUT SLOWLY.

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23. EVER SINCE HIS DISCUSSIONS WITH FORMER DEPUTY SECRETARY OF DEFENSE ROBERT ELLSOWORTH IN MALTA IN DECEMBER 1976, MINTOFF HAS BEEN CASTING ABOUT FOR A SIMILAR PERSONAL CONTACT WITH THE CARTER ADMINISTRATION. THIS FINALLY RESULTED IN MINTOFF EXTENDING AN INVITATION DURING THE QUARTER TO UNDER SECRETARY HABIB TO MAKE A SIMILAR TRIP HERE. WE HAVE INFORMED THE GOM THAT SUCH A VISIT IS ACCEPTABLE IN PRINCIPLE, BUT THAT THE TIMING MUST BE LEFT OPEN BECAUSE OF THE UNDER SECRETARY'S BUSY SCHEDULE. WE CAN EXPECT MINTOFF TO PRESS FOR AS EARLY A MEETING AS POSSIBLE. LAINGEN

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